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Message Text

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ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /127 W
---------- 076885
R 201920Z FEB 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 2075
INFO AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIMA
AMEMBASSY LONDON
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
AMCONSUL DHAHRAN
US MISSION OECD PARIS 607

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E.O. 11652: N/A
TAGS: ENRG, VE
SUBJECT: VENEZUELAN OPEC GOVERNOR RESIGNS

REF: CARACAS 1820 (NOTAL)

1. MINES MINISTER VALENTIN HERNANDEZ ANNOUNCED TO THE PRESS ON FEBRUARY 18 THAT ALBERTO FLORES ORTEGA HAD
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RESIGNED MINISTRY POSITION IN ORDER TO PREPARE DEFENSE

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AND PROVE HIS INNOCENCE OF ANY INVOLVEMENT IN THE
OCCIDENTAL PETROLEUM COMPANY ALLEGED BRIBERY OF
VENEZUELAN OFFICIALS TO OBTAIN SERVICE CONTRACTS IN
SOUTH LAKE MARACAIBO. FLORES REPORTEDLY LEARNED THAT HIS
NAME HAD BEEN LEAKED TO THE PRESS AS ONE OF SIX GOV OFFICIALS
RECEIVING PAYOFFS WHILE IN TEHRAN ON A TOUR OF OPEC
WITH ALIRIO PARRA, A PETROVEN DIRECTOR AND KEY OIL
SALES NEGOTIATOR. FLORES WAS CALLED HOME. HE SUBMITTED HIS
RESIGNATION BY TELEPHONE TO THE MINISTER IMMEDIATELY UPON
ARRIVAL IN VENEZUELA, AND SAID HIS WRITTEN RESIGNATION WOULD
SHORTLY FOLLOW. ANOTHER NEWSPAPER VERSION WAS THAT FLORES
HAD BEEN SUSPENDED AT HIS OWN REQUEST, PENDING A CLARIFICATION OF
STATUS IN THE BRIBERY CASE. FLORES WAS REPORTED TO HAVE
RECEIVED A PAYOFF OF $106,400 FOR HIS ROLE IN ASSISTING OCCIDENTAL.
HE DENIED THE ALLEGATION.

2. COMMENT - FLORES HELD THREE IMPORTANT POSITIONS
SIMULTANEOUSLY IN THE MINISTRY. IN ADDITION TO ROLE AS
OPEC GOVERNOR, HE WAS ALSO CHIEF OF THE PETROLEUM
ECONOMICS OFFICE AND EXECUTIVE SECRETARY OF THE COMMISSION
COORDINATING ALL MINISTRY FUNCTIONS. ALTHOUGH FLORES
HAD BEEN MANY YEARS IN THE MINISTRY, HIS STAR ONLY BEGAN
TO RISE AFTER VALENTIN HERNANDEZ BECAME MINISTER.
HERNANDEZ MET FLORES WHEN THE MINISTER WAS AMBASSADOR TO
AUSTRIA AND FLORES WAS ON ASSIGNMENT TO THE OPEC
SECRETARIAT. DURING THE PAST TWO YEARS, FLORES HAS BEEN
ONE OF THE MINISTER'S CLOSEST ASSISTANTS AND ADVISERS. HE
HAS ACCOMPANIED HERNANDEZ TO ALL THE OPEC MINISTERIAL
MEETINGS, OFTEN AS HIS ONLY AIDE. FLORES WAS ALSO ACTIVE IN
NEGOTIATING THE OFFTAKE AGREEMENTS WITH THE OIL COMPANIES,
AS A MEMBER OF THE PRICE COMMISSION TOGETHER WITH PARRA AND THE
VENEZUELAN PETROLEUM ATTACHE IN WASHINGTON, FELIX ROSSI. THE
INVOLVEMENT OF FLORES IN THE OCCIDENTAL CASE HAS UNDOUBTEDLY
SHAKEN THE MINISTER AND THE SENIOR STAFF OF THE MINISTRY SINCE
IT WILL CAST DOUBT ON THE INTEGRITY OF MINISTRY OFFICIALS IN
GENERAL INVOLVED IN THE NATURALIZATION PROCESS. THE DEPARTURE OF
FLORES IS NOT UNIVERSALLY BEMOANED, AS HE HAS BEEN SNIPED
AT BY AD PARTY ECONOMISTS WHO HAVE NEVER CONSIDERED HIM AN
ORTHODOX ECONOMIST. HIS REPLACEMENT AS OPEC GOVERNOR HAS NOT
YET BEEN NAMED. END COMMENT.
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NNN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CORRUPTION, BRIBERY, ALLEGATIONS, PERSONNEL RESIGNATIONS, TRIALS, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CARACA02029
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760066-0735
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760231/aaaabaup.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CARACAS 1820
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by CollinP0>; APPROVED <02 JUL 2004 by morefirh>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VENEZUELAN OPEC GOVERNOR RESIGNS
TAGS: ENRG, PGOV, VE, OPEC, OCCIDENTAL PETROLEUM, (FLORES ORTEGA, ALBERTO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006